

Message Text

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67

ACTION IO-14

INFO OCT-01 AF-10 EUR-25 ISO-00 TRSE-00 OMB-01 ABF-01 EB-11

CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10

PA-03 RSC-01 PRS-01 SPC-03 SS-15 USIA-15 ACDA-19

DRC-01 ARA-16 EA-11 NEA-10 /191 W

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R 091802Z OCT 73

FM USMISSION USUN NY

TO SECSTATE WASHDC 0013

INFO AMEMBASSY ACCRA

AMEMBASSY BUDAPEST

AMEMBASSY PARIS

AMEMBASSY WARSAW

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E.O. 11652: N/A

TAGS: AORG, AFIN, UN

SUBJ: US DOLLAR AND UN BUDGET CURRENCIES

REF: USUN 3635 (NOTAL)

SUMMARY: PROBLEMS CAUSED BY DOLLAR DEVALUATION AND INFLATION CONTINUE TO BE POPULAR TOPIC IN FIFTH COMITE GENERAL DEBATE. MOST SPEAKERS WRING HANDS ABOUT PROBLEMS BUT NO CONSENSUS ON NATURE OF ACTION WHICH SHOULD BE TAKEN YET EMERGING. END SUMMARY.

1. FRENCH (NAUDY) STATEMENT OF OCT. 8 WHICH WE WERE AFRAID COULD BE MORE HARMFUL WAS COMPARATIVELY MILD IN SUGGESTING REFORMS. NAUDY STATEMENT GAVE HEAVIEST WEIGHT TO NEED FOR "INITIATIVE AND IMAGINATION" ON PART OF SYG AND MEMBER STATES IN ARRESTING RAPID INCREASE OF BUDGET CAUSED BY INFLATION AND DEVALUATION; BY THIS HE MEANT FURTHER AUSTERITY MEASURES. ON SPECIFIC ISSUE
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OF MONETARY INSTABILITY, NAUDY SAID UN COULD NOT CONTINUE

TO CALCULATE ITS EXPENSES WITH FLUCTUATING RATE OF EXCHANGE AND HE AWAITED REPORT OF ACC ON POSSIBLE FORMULAE AS "WORKING HYPOTHESES". ACCORDING TO HIM, AMONG SUCH FORMULAE ARE: "MULTIPLE BUDGET CURRENCIES"; "USE OF HOST COUNTRY CURRENCY FOR BUDGETING AS WELL AS ASSESSMENTS"; AND BUDGET GIVEN IN "UNVARYING UNITS OF EXCHANGE". HE WARNED THAT PROCESS OF FINDING SOLUTION WOULD NOT BE "RAPID AND COMPLETE".

2. GHANA (CLELAND) ON OCTOBER 5 NOTED THAT CORRIDOR TALK IS CONSIDERING "DESIRABILITY OF POSSIBLE PARTIAL CHANGE-OVER TO OTHER EUROPEAN CURRENCIES AS MEANS OF CONTAINING ALARMING CURRENCY DEVELOPMENT." HE THEN CAUTIONED AGAINST ANY HASTY DECISION AND SAID THAT UN COULD MAKE SOUND JUDGMENT ONLY "AFTER PRESENT CURRENCY INSTABILITY HAS SETTLED DOWN." HE HOPED FOR RESUMED IMF MEETING TO TACKLE ISSUE MORE DECISIVELY.

3. POLISH STATEMENT OF OCT. 8 ON SUBJECT WAS LIMITED TO ENDORSEMENT OF CUBAN PROPOSAL ON STABLE CURRENCY UNIT AND TO NON-STARTER TO EFFECT THAT THOSE WHO CREATED INFLATION AND MONETARY INSTABILITY SHOULD PAY FOR INCREASED COSTS TO UN ORGANIZATIONS. HUNGARIAN STATEMENT ON SAME DAY SEEMED TO BE LUMPED WITH GENERAL CRITICISM ON BUDGET GROWTH. IN CALLING FOR USE OF CURRENCY OTHER THAN US DOLLAR AS BEST SOLUTION, HE PROPOSED THAT PLANNING BE DONE IN CURRENCY SPENT, I.E., FINANCING WITH MULTIPLE CURRENCIES. WITHIN CONTEXT OF STATEMENT, THIS SUGGESTION MAY WELL HAVE LOST IMPACT SINCE IT WAS DELIVERED ALONG WITH DECLARATION THAT HIS DEL COULD NOT SUPPORT BUDGET AS PROPOSED.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 09 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: willialc
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973USUNN03761
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: USUN NEW YORK
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731042/aaaabeyptel
Line Count: 93
Locator: TEXT ON-LINE
Office: ACTION IO
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: USUN 3635 (NOTAL)
Review Action: RELEASED, APPROVED
Review Authority: willialc
Review Comment: n/a
Review Content Flags:
Review Date: 19 SEP 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19-Sep-2001 by thigpegh>; APPROVED <21-Nov-2001 by willialc>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: US DOLLAR AND UN BUDGET CURRENCIES
TAGS: AORG, AFIN, UN
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005